

BOROUGH OF WATCHUNG

MINUTES

SPECIAL MEETING JANUARY 11, 2016

7:30 PM

MAYOR'S STATEMENT: Mayor Pote called the meeting to order at 7:38 PM and made the following statement: Under the provisions of N.J.S.A.10:4-6 et seq., notice of the time and place of this meeting was given by way of annual notice to the Courier News, Echoes Sentinel, and Star Ledger, and posted at Borough Hall.

SALUTE TO THE FLAG and a MOMENT OF SILENCE FOR OUR SERVICE MEN AND WOMEN, SERVING HOME AND ABROAD.

ROLL CALL

Joren [A] Black [P] Nehls [P] Gibbs [P] Mobus [P]

Also present were Administrator Tom Atkins, Finance Officer Bill Hance, Clerk Michelle DeRocco, Deputy Clerk MaryAnn Hance, Steve Rogut of Rogut McCarthy LLC and Bob Swisher of Suplee Clooney and Company.

There were two members of the public present.

Mayor Pote stated the purpose of this meeting is to discuss some aspects of the Borough's Debt Management, and turned the meeting over to the Chair of the Finance Committee, Councilman Gibbs.

Councilman Gibbs explained the Borough needs to make some decisions regarding finance, due to the fact we are approaching the 10 year limitation for many of our short-term notes. All available options have been discussed with the Administration & Finance Committee, Administrator Atkins, and CFO Bill Hance. He further explained they met with Bob Swisher from our Auditing firm of Suplee Clooney, and Steve Rogut, our Bond Counsel from the firm of Rogut McCarthy LLC and they provided several options and scenarios, advising that the most prudent action the Borough could take would be to combine all old debt into one and go to a bond sale, and take advantage of current low interest rates. He noted the rates recently went up, the first time in a while, and the financial experts are suggesting that there may be more throughout the year and into next year. Mr. Rogut and Mr. Swisher provided spreadsheets which depicted a bond sale at the current rates, and then with 2 or 3 slight increases in the rates, and the results that even a 1% increase could have on our budget and for our taxpayers. Councilman Gibbs then turned the meeting over to Mr. Swisher and Mr. Rogut for further discussion.

Mr. Swisher and Mr. Rogut discussed the charts given to the Council and explained in detail why they are recommending bonding for the full amount of short term notes up through December 2015. The reason they are making this recommendation is because the interest rates are still low and will save the Borough and the taxpayers money in the long term. The amount for the short term notes that will be due within the next three years includes those that were approved on Ordinances in 2008 and prior. They also stressed this does not include any new debt, only that which was approved previously by Council.

After questions from the Council members, it was the consensus of the Governing Body to request that Mr. Swisher and Mr. Rogut provide additional options in regard to how much of the current BANS to finance through the bond sale. That would allow them to make a prudent decision, in the best interest of the Borough's taxpayers.

Mr. Swisher and Mr. Rogut said they will prepare some additional information and forward it to all prior to the January 21st meeting so Council may review and possibly make a final decision.

PUBLIC PORTION

Margaret Ellis, Valley Road, questioned why is the act of consolidating debt costing more, when debt consolidation usually results in lower payments. Mr. Swisher explained by the Borough taking short term into long term debt it then becomes a fixed rate and payment. Ms. Ellis then said it's not a question of taking the hit but when to take it.

ADJOURNMENT

There being no further business to come before the Council, the meeting was adjourned at 9:00 P.M. to the Call of the Chair and the next scheduled Council meeting to be held on January 21, 2016 at 7:30 PM.

Respectfully submitted

MaryAnn Hance
Deputy Clerk

Respectfully submitted,

MaryAnn Hance
Deputy Clerk